

## **R E M A R K S**

### **A. INTRODUCTION**

The Abstract is amended by this paper to be no more than 150 words.

Claims 1-36, 41, 42, 49-56, 60-65, 72-77, and 80-82 were pending and rejected.

Upon entry of this paper: Claims 1-31, 35, 36, 41, 42, 49-56, 60-65, 72-77, and 80-101 will be pending; Claims 1 and 82 will be amended; Claims 32-34 will be cancelled; and Claims 83-101 will be added.

### **B. AMENDMENT TO ABSTRACT**

The Abstract has been amended to be 150 words or less in length. No new matter has been added. We respectfully request the Examiner withdraw the objection in light of this Amendment.

### **C. CLAIM AMENDMENTS**

#### **1. Claim 82**

Claim 82 is amended to remove extraneous language resulting from a typographical error; “determining an amount” has been removed. This Amendment is not related to patentability and does not narrow the scope of Claim 82.

#### **2. Claim 1**

Although we do not believe it necessary for patentability, Claim 1 has been amended to recite a desired embodiment disclosed in the specification. In particular, the timing of particular steps has been expressly recited. Also, the limitation of during a transaction has been removed. No new matter has been added, and Claim 1 is believed to be allowable over the cited references of record (including Katz, Spoor, Scroggie or Burdon). In particular, no combination of the cited references teaches or suggests that an offer for a subsidy would be provided in response to customer activity regarding interest in an item but not selection of an item for purchase.

### **D. SECTION 103(A) REJECTIONS**

All of the rejected claims (Claims 1-36, 41, 42, 49-56, 60-65, 72-77, and 80-82) stand rejected under 35 U.S.C. 103(a) as being unpatentable over a combination of Katz and Spoor (and in some instances additional references). We respectfully traverse the Examiner’s Section 103(a) rejections.

**1. Examiner's Motivation to Combine**

With respect to all of the independent claims (Claims 1, 36, 41-42, 49, 51-56, 60 - 65, 72 - 74, 81 and 82), the Examiner asserts:

One would have been motivated to modify the method with subsidizing for the price of a product/service with a related product/service for providing an incentive for the purchase of the initial product/service thus enhancing customer base via a combination of products and achieving greater profitability.

[Office Action, page 3].

With all due respect to the Examiner, we find this statement somewhat confusing. We request that the Examiner please clarify the rationale for the record. In particular, we do not understand: "...to modify the method with subsidizing for the price of a product/service with a related product/service..." It is not clear from the Examiner's statement or from the references how one could subsidize "for" a price "with" a product/service or use a product/service to subsidize "for the price."

Here is our best understanding of the findings the Examiner believes support the conclusion of obviousness:

1. Katz teaches purchase of an "initial product/service" (i.e., a "primary transaction" in Katz).
2. Spoor teaches a purchase from a first vendor that is subsidized by a second vendor to provide a discounted price (e.g., purchase of cellular telephone service is packaged with a \$1 cell phone).
3. It would have been obvious to make a "related product/service" (i.e., the Katz "upsell" or "secondary transaction") available for purchase in the Katz system for a discounted (subsidized) price in order to provide a "combination of products."

We respectfully request that the Examiner clarify whether our understanding is correct.

We do not believe that the Examiner's findings #1-2 teach all of the features of any of the independent claims, suggest the proposed combination #3, or would suggest to one of ordinary skill in the art that any such combination of features was desirable.

The teachings of Spoor are limited to specific aspects of the cellular telephone service industry. Spoor discloses an industry wide practice in which a cellular telephone (regardless of its price) was only sold as a package with a

service plan. According to this practice, a customer could not, for example, purchase a cellular phone without any service plan.

Katz is devoid of a hint of a subsidy. It also is directed to identifying and offering an “upsell” for a second product after an initial transaction for a first product is completed. See FIGs. 1, 4, 6, and accompanying text.

Accordingly, contrary to the Examiner’s finding, Spoor cannot suggest that a subsidized cellular telephone should be substituted as a type of “upsell” after an initial purchase (the principle of operation of the Katz system), because Spoor only teaches that pre-determined combinations of items are pre-packaged for sale. Contrary to the Examiner’s suggestion, it would seem to violate the principle of the Katz system to provide an incentive to purchase the “initial product/service”—according to Katz, the initial (primary) transaction is completed before an “upsell” is offered. To modify Katz in the manner proposed by the Examiner (i.e. to make offers of combinations of products) would remove the need for the “upsell” system at all. The proposed combination of teachings would not have been obvious to one of only ordinary skill in the art.

Even if the suggestion to combine the cited teachings was supported by the record, the combination of teachings would not teach all of the features of any independent claim. For example, all of the independent claims require that a second (lower) price is charged only if an offer of a subsidy is accepted. None of the cited references teaches such a feature. The proposed combination by the Examiner would include a package of items, one of which is only ever available with the other (per Spoor’s teaching with respect to cellular telephones and service)

Accordingly, we respectfully request the Examiner’s reconsideration of the rejection of Claims 1-36, 41, 42, 49-56, 60-65, 72-77, and 80-82.

#### **E. ADDITIONAL COMMENTS**

Our silence with respect to the Examiner’s other various assertions not explicitly addressed in this paper, including assertions of what the cited reference(s) teach or suggest, or the Examiner’s interpretation of claimed subject matter, is not to be understood as agreement with the Examiner. As the Examiner has not established an un rebuttable prima facie case of obviousness for any of the pending claims, for the reasons stated in this paper, we need not address the Examiner’s other assertions at this time.

#### **F. NEWLY-ADDED CLAIMS 83-101 ARE PATENTABLE OVER THE CITED REFERENCES**

Newly-added Claims 83-101 are patentable over the cited references.

No combination of the cited references teaches or suggests particular activities or requirements that would trigger the providing of an offer for a subsidy. Even where Katz, for example, discloses generally that some aspects of the “upsell” system could be implemented over the Internet, none of the references remotely hint that particular types of browsing activities, for example, would be customer activity that would trigger a subsidy offer.

The cited references do not teach or suggest any of the features of new Claims 83-101.

For at least the reasons stated herein, we respectfully submit that new Claims 83-101 are allowable.

**G. PETITION FOR EXTENSION OF TIME TO RESPOND & AUTHORIZATION TO CHARGE APPROPRIATE FEES**

We understand that a three-month extension of time to respond to the Office Action is necessary. Please grant a petition for any extension of time required to make this Response timely.

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Please charge any appropriate fees set forth in §§ 1.16 – 1.18 for this paper and for any accompanying papers to Deposit Account 50-0271. Please credit any overpayment to the same account.

**H. CONCLUSION**

It is submitted that all of the claims are in condition for allowance. The Examiner's early re-examination and reconsideration are respectfully requested.

If the Examiner has any questions regarding this amendment or the present application, the Examiner is cordially requested to contact Michael Downs at telephone number (203) 461-7292 or via electronic mail at [mdowns@walkerdigital.com](mailto:mdowns@walkerdigital.com).

Respectfully submitted,

September 21, 2006  
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